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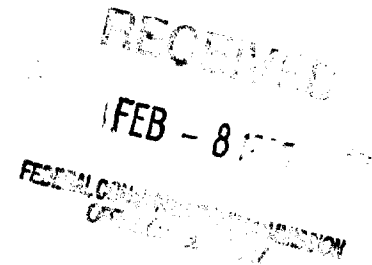
Warren D. Hannah
Director, Federal Regulatory Relations
United and Central Telephone Companies

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EX PARTE

February 8, 1995

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W. Room 222
Washington, D.C. 20554



RE: In the Matter of Price Cap Performance Review for Local Exchange Carriers
CC Docket No. 94-1

Dear Mr. Caton:

Today representatives of Sprint Corporation met with Ms. Karen Brinkman of Chairman Hundt's office to discuss issues in the above referenced matter. Information on the attached, relative to Sprint's comments and reply comments submitted on May 9 and June 29, respectively, was discussed.

Representing Sprint Corporation were Jay Keithley and Jim Sichter. Sprint requests that this information be made a part of the record in this matter. If you should have any questions, please feel free to call.

Sincerely,

A handwritten signature in black ink, appearing to read "Warren D. Hannah".

Warren D. Hannah
Director
Federal Regulatory Relations

Attachment

cc: Ms. Karen Brinkman

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List A B C D E

A handwritten number "2" in black ink, written over a horizontal line.

Productivity/Sharing Options

- Align productivity/sharing options to provide LECs incentive to elect progressively higher productivity offsets as their internal productivity increases
- Eliminate sharing/LFAM for LECs willing to opt for a high productivity factor
- LECs make an annual productivity election
 - But once a LEC opts for 4.5%/no sharing, no reversion to lower productivity factor

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

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Proposed Productivity/Sharing Matrix

Productivity Selection	Initial Sharing Threshold	50/50 Sharing Range	100% Sharing Range	LFAM
3.3%	11.75%	11.75 - 13.75%	>13.75%	10.25%
3.9%	12.25%	12.25 - 15.25%	>15.25%	10.25%
4.5%	-----	No Sharing/LFAM		-----

Upfront Rate Reduction

- Equal to $1/2$ of the difference between a LEC's 1991-1994 ROR and 11.25%
 - Company specific upfront reductions recognize each LEC's relative performance under first price cap plan
- Sharing of productivity gains from first price cap period
- Required of all price cap LECs (regardless of productivity choices under the second price cap plan)
- Approximately equal to a 2% upfront rate reduction industrywide

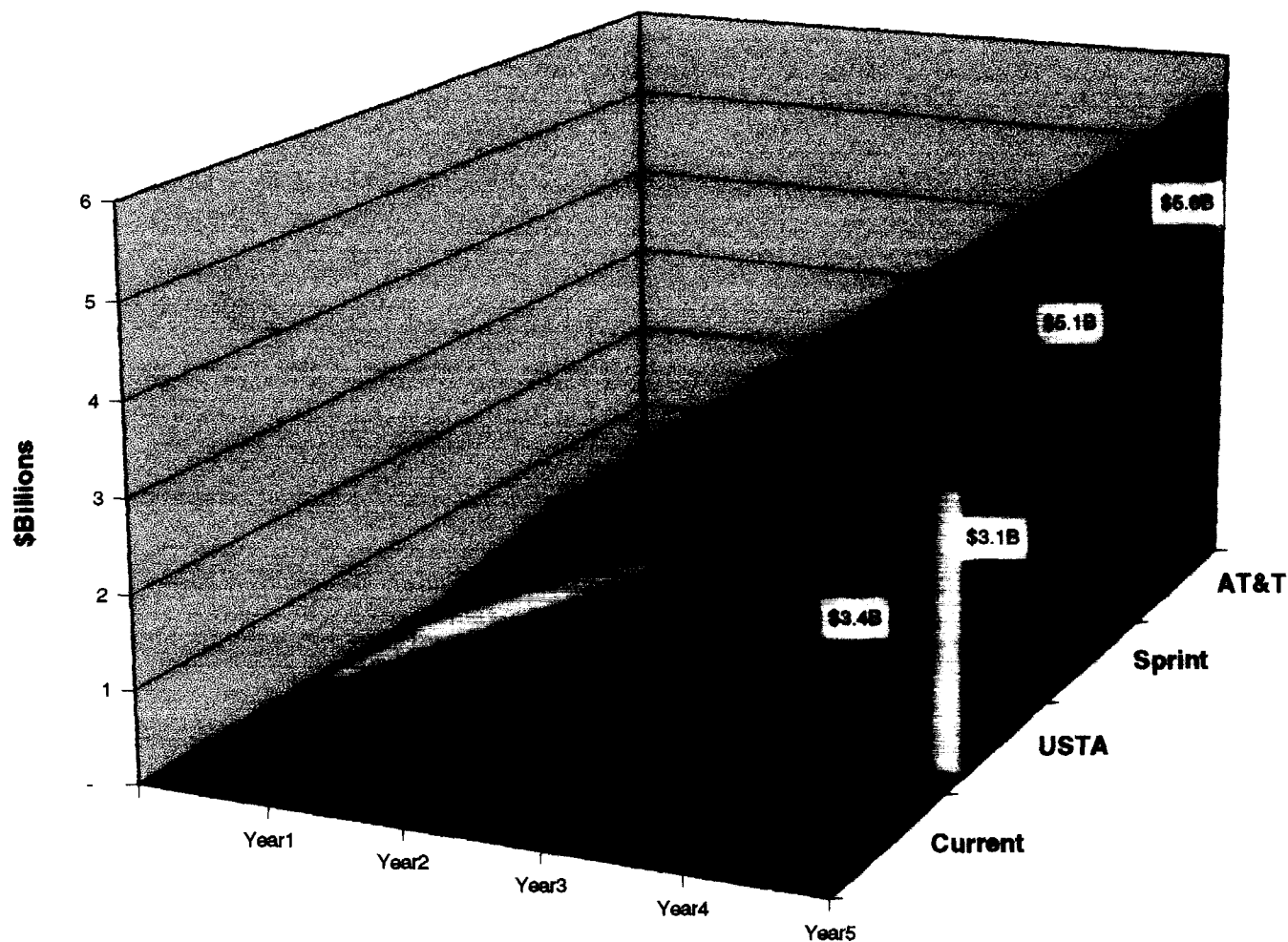
Comparison of Price Cap Proposals

	Productivity	Sharing Range		Upfront Rate Reduction
		50/50	100%	
Current FCC Plan	3.3%	12.25-16.25%	> 16.25%	N/A
	4.3%	13.25-17.25%	> 17.25%	N/A
Sprint	3.3%	11.75-13.75%	> 13.75%	Approximately 2% industrywide (varies by LEC)
	3.9%	12.25-15.25%	> 15.25%	
	4.5%	None		
AT&T	5.1%	11.0-15.0%	> 15%	Approximately 1.6%
Original USTA Plan	2.5%	None		None
Revised USTA Plan	3.3%	12.25-16.25%	> 16.25%	None
	3.5% * (Rolling Average Productivity)	None		1.0% (PCI reduction)

* Initial productivity factor of 2.5%, and a 1% CPD, which would be phased out over 3 years.

Comparison of Price Cap Proposals

Value of Reductions



Current: $X = 3.3\%$

USTA: $X = 2.5\%$, 1% up-front, CPD phase-out (no-sharing option)

Sprint: $X = 4.5\%$, 2% up-front (no-sharing option)

ATT: $X = 5.1\%$, \$322M up-front